



## **Iowa Grape and Grape Processing Industry**

### **History and Background:**

- In 1919, Iowa ranked 6<sup>th</sup> in the nation in grape production with 6,000 acres growing in the state
- Grapes are a diversified, soil stabilizing perennial crop well suited to Iowa's steeper lands
- The industry fits well in rural areas with a diverse landscape of crops, pastures, and forests.
- Vineyards and wineries can be an important part of a regional tourism industry

### **Industry Facts:**

- Iowa currently has about 30 acres in grape production
- Iowa has nine commercial wineries but only two of which are processing Iowa grown grapes. The wineries are able to obtain only 40-60% of the needed grape products from Iowa, the remaining grapes and juices are imported from other states
- It takes 4 years to establish a commercial vineyard and 8 to 10 years to reach full production
- Total vineyard establishment costs \$4400 per acre over the 1<sup>st</sup> 3 years and \$2400 for years 4 and 5.
- One acre yields 3 to 5 tons of grapes per acres
- One ton of grapes produces 150-160 gallons of wine
- A 10-acre vineyard requires a full time employee
- A 5000 gallon winery would create 3 jobs
- Since January of 2000, over 400 people have attended information seminars on grape and wine production
- The existing wineries are being inundated with questions on production techniques, site selection, and winery establishment.
- Iowa has a \$1.75 per gallon tax on all retail wine sales which generates approximately \$3.9 million in revenue per year.
- Missouri has a \$0.36 per gallon wine tax and invests \$.06 to develop the grape and grape processing industry
- Missouri has 37 commercial wineries. The Herman, Missouri area has 12 wineries that anchor a \$17 million tourism industry.

**Industry Needs:**

- **Technical assistance for new grower and grape processors**
- **Business development assistance for processors and supporting services**
- **Marketing and promotion of Iowa as a quality grape and wine production state.**

**Request:**

- **Legislation that would invest \$0.10 from the \$1.75/gal. tax to support the development of the industry.**

**Impacts:**

- **Start up or expansion of seven wineries in the state would require an investment of \$1,750,000.**
- **Seven wineries would create 21 new jobs**
- **New wineries would utilize grapes from 80 acres**
- **The existing wineries draw 8,000 to 15,000 visitors per year supporting visitor related businesses and services**